

**IC 28-13**

**ARTICLE 13. CORPORATE GOVERNANCE**

**IC 28-13-1**

Chapter 1. Shares Generally

**IC 28-13-1-1**

**Number of shares; classes of shares; preferences; limitations; relative rights**

Sec. 1. The articles of incorporation must prescribe the number of shares that the corporation is authorized to issue. If more than one (1) class of shares is authorized by the articles of incorporation, the articles of incorporation must prescribe the number of shares in each class and a distinguishing designation for each class. Before the issuance of shares of a class, the preferences, limitations, and relative rights of the class must be described in the articles of incorporation. All shares of a class must have preferences, limitations, and relative rights identical with those of other shares of the same class except to the extent otherwise permitted by section 4 of this chapter.

*As added by P.L.14-1992, SEC.163.*

**IC 28-13-1-2**

**Voting right; rights to assets on dissolution**

Sec. 2. The articles of incorporation must authorize the following:

- (1) At least one (1) class of shares that together have unlimited voting rights.
- (2) At least one (1) class of shares, which may be the same class or classes as those with voting rights, that together are entitled to receive the net assets of the corporation upon dissolution.

*As added by P.L.14-1992, SEC.163.*

**IC 28-13-1-3**

**Class of shares with other rights; designations, preferences, and limitations; description not exhaustive**

Sec. 3. (a) The articles of incorporation may authorize at least one (1) class of shares that have at least one (1) of the following characteristics:

- (1) Have special, conditional, or limited voting rights, or no right to vote, except to the extent prohibited by this article.
- (2) Are redeemable or convertible as specified in the articles of incorporation:
  - (A) at the option of the corporation, the shareholder, or another person or upon the occurrence of a designated event;
  - (B) for cash, indebtedness, securities, or other property; and
  - (C) in a designated amount or in an amount determined in accordance with a designated formula or by reference to extrinsic data or events.
- (3) Entitle the holders to distributions calculated in any manner, including dividends that may be cumulative, noncumulative, or partially cumulative.

(4) Have preference over any other class of shares with respect to distributions, including dividends and distributions upon the dissolution of the corporation.

(b) The description of the designations, preferences, limitations, and relative rights of share classes in this section is not exhaustive.  
*As added by P.L.14-1992, SEC.163.*

#### **IC 28-13-1-4**

##### **Series of shares; distinguishing designation; other rights and preferences; articles of amendment**

Sec. 4. (a) If the articles of incorporation so provide, the board of directors may create at least one (1) series, and may determine, in whole or in part, the preferences, limitations, and relative voting and other rights within the limits set forth in sections 1 through 3 of this chapter of the following:

(1) Any class of shares before the issuance of any shares of that class.

(2) At least one (1) series within a class before the issuance of any shares of that series.

(b) Each series of a class must be given a distinguishing designation.

(c) All shares of a series must have preferences, limitations, and relative rights identical with those of other shares of the same series and, except to the extent otherwise provided in the description of the series, with those of other series of the same class.

(d) Before issuing shares of a class or series that has the preferences, limitations, and relative voting and other rights determined under this section, the corporation must prepare articles of amendment, which are effective without shareholder action, that set forth the following:

(1) The name of the corporation.

(2) The text of the amendment determining the terms of the class or series of shares.

(3) The date the articles of amendment are adopted.

(4) A statement that the amendment was adopted by the board of directors.

(e) The articles of amendment shall be presented to the director for approval and filed with the secretary of state as provided in IC 28-13-14 before the shares are issued.

*As added by P.L.14-1992, SEC.163.*

#### **IC 28-13-1-5**

##### **Outstanding shares; limitation on reacquisition, redemption, or conversion; unlimited voting rights; right to assets on dissolution**

Sec. 5. (a) A corporation may issue the number of shares of each class or series authorized by the articles of incorporation. Shares that are issued are outstanding shares until the shares are reacquired, redeemed, converted, or canceled.

(b) The reacquisition, redemption, or conversion of outstanding shares is subject to the limitations of subsection (c) and to

IC 28-13-3-3 and IC 28-13-4.

(c) At all times that shares of the corporation are outstanding, at least one (1) share that together has unlimited voting rights and at least one (1) share that together is entitled to receive the net assets of the corporation upon dissolution must be outstanding.

*As added by P.L.14-1992, SEC.163.*

#### **IC 28-13-1-6**

##### **Fractional shares; scrip; rights and preferences**

Sec. 6. (a) A corporation may do any of the following:

- (1) Issue fractions of a share or pay in money the value of fractions of a share.
- (2) Arrange for disposition of fractional shares by the shareholders.
- (3) Issue scrip in registered or bearer form entitling the holder to receive a full share upon surrendering enough scrip to equal a full share.

(b) Each certificate representing scrip must be conspicuously labeled "scrip" and must contain the information required by IC 28-13-2-6(b).

(c) The holder of a fractional share is entitled to exercise the rights of a shareholder, including the right to do the following:

- (1) Vote.
- (2) Receive dividends.
- (3) Participate in the assets of the corporation upon liquidation.

The holder of scrip is not entitled to any of these rights unless the scrip provides for the rights.

(d) The board of directors may authorize the issuance of scrip subject to any condition considered desirable, including the following:

- (1) That the scrip will become void if not exchanged for full shares before a specified date.
- (2) That the shares for which the scrip is exchangeable may be sold and the proceeds paid to the scripholders.

*As added by P.L.14-1992, SEC.163.*